

CIA/OER/S-06626-74

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IRANIAN OIL PRICES & EXPORT PRODUCTION

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CIA/OER/S - 86626-74

22 November 1974

MEMORANDUM FOR THE RECORD

SUBJECT: Iranian Oil Prices and Export Production

The attached information was telephoned to Mr. Charles Schotta, CASIA Research, Department of the Treasury on 14 November 1974. Mr. Schotta requested that it be provided as soon as possible.

25X1A



Chief
Trade and Monetary Analysis Branch
Office Of Economic Research

Attachment:
As stated

Distribution: (S-6626)

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IRANIAN OIL PRICES AND EXPORT PRODUCTION

Iranian oil revenue per barrel has changed substantially since 1 January 1974. Royalty rates have increased twice so far this year. The first change occurred in July when the rate was increased from 12.5% to 14.5% of posted price. In October, the royalty rate was changed to 16.67% of posted price. Tax rates were also increased in October from 55% to 65.75% of profits for tax purposes.

The most dramatic changes, however, occurred in the balancing margin. The margin was increased in June from \$.065 to \$3.50 per barrel. The change was retroactive to 1 January. The price structures under these margins and the resulting equity take are reported in Table 1. In October, the balancing margin was changed once again, to \$3.882. Retroactive adjustments were also made to 1 January. Table 2 provides information on these changes and their impact on equity take.

Estimates of Iranian oil production for export are presented in Table 3. These estimates take into account domestic consumption of approximately 285 thousand barrels per day. September exports are assumed to remain constant throughout the fourth quarter of this year.

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TABLE 1

IRANIAN CRUDE OIL PRICES: 1974

(United States \$ per barrel)

	<u>January - May</u>	<u>June</u>	<u>July - September</u>
1. Posted Price	11.779	11.779	11.779
2. Royalty	1.472	1.472	1.708
3. Production Costs	.120	.120	.120
4. Balancing Margin	.065 ^{1/}	3.500	3.500
5. Profits for Tax Purposes (1 - (2 + 3 + 4))	10.122	6.687	6.451
6. Tax	5.567	3.678	3.548
Equity Take (2 + 5)	7.039	5.150	5.256
Balancing Margin Take (4)	.065	3.500	3.500

^{1/} Changed to \$3.50 retroactively. This implies an increase in net take of \$1.546 per barrel once the change in tax obligations is computed.

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TABLE 2

IRANIAN CRUDE OIL PRICES
INCLUDING MOST RECENT RETROACTIVE BALANCING MARGIN CHANGES:
1974

(United States \$ per barrel)

	<u>January - May</u>	<u>June</u>	<u>July - September</u>	<u>October - November</u>
1. Posted Price	11.779	11.779	11.779	11.779
2. Royalty	1.472	1.472	1.708	1.964
3. Production Costs	.120	.120	.120	.120
4. Balancing Margin	4.720	4.862	4.753	3.883
5. Profits for Tax Purposes (1 - (2 + 3 + 4))	5.467	5.325	5.198	5.812
6. Tax	3.007	2.929	2.859	3.821
Equity Take (2 + 6)	4.479	4.401	4.567	5.785
Balancing Margin Take (4)	4.720	4.862	4.753	3.883

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TABLE 3

IRANIAN OIL PRODUCTION FOR
EXPORT: 1974

(Thousand B/D)

JANUARY	5818
FEBRUARY	5882
MARCH	5840
APRIL	5890
MAY	5897
JUNE	5778
JULY	5775
AUGUST	5685
SEPTEMBER	5715
OCTOBER	5715
NOVEMBER	5715
DECEMBER	5715

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